

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
August 23, 2023**

The project, 1612 Apartments, located at 1612 Sisk Road in Modesto, requested and is being recommended for a reservation of \$1,371,325 in annual federal tax credits and \$5,757,182 in total state tax credits to finance the adaptive reuse of 143 units of housing serving tenants with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by Stanislaus Regional Housing Authority and will be located in Senate District 5 and Assembly District 22.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Mixed-Income Program (MIP) through CalHFA.

Project Number CA-23-537

Project Name 1612 Apartments
Site Address: 1612 Sisk Road
Modesto, CA 95350
County: Stanislaus
Census Tract: 8.03

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,371,325	\$5,757,182
Recommended:	\$1,371,325	\$5,757,182

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: 1612 Apartments, LP
Contact: James Kruse
Address: 1701 Robertson Road
Modesto, CA 95351
Phone: (209) 910-8295
Email: Jkruse@stanregionalha.org

General Partner(s) or Principal Owner(s): Stan Regional 1612 Apartments, LLC
Kingdom 1612 LLC
GVHDC 1612 Apartments, LLC

General Partner Type: Nonprofit

Parent Company(ies): Stanislaus Regional Housing Authority
Kingdom Development, Inc.
Great Valley Housing Development Corporation

Developer: Stanislaus Regional Housing Authority

Bond Issuer: CalHFA

Investor/Consultant: Red Stone Equity Partners

Management Agent: Buckingham Property Management, Inc.

Project Information

Construction Type: Adaptive Reuse
 Total # Residential Buildings: 1
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (47 Units - 33%)

Information

Housing Type: Non-Targeted
 Geographic Area: Central Valley Region
 CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	40	28%
50% AMI:	7	5%
60% AMI:	16	11%
70% AMI:	39	27%
80% AMI:	41	29%

Unit Mix

144 SRO/Studio Units
 144 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5 SRO/Studio	30%	\$418
35 SRO/Studio	30%	\$418
7 SRO/Studio	50%	\$697
16 SRO/Studio	60%	\$836
39 SRO/Studio	70%	\$976
41 SRO/Studio	80%	\$980
1 SRO/Studio	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$15,104,982
Construction Costs	\$12,965,250
Construction Hard Cost Contingency	\$946,525
Soft Cost Contingency	\$492,213
Architectural/Engineering	\$600,000
Const. Interest, Perm. Financing	\$2,637,907
Legal Fees	\$350,000
Reserves	\$412,146
Other Costs	\$773,455
Developer Fee	\$4,471,714
Total	\$38,754,192

Residential

Construction Cost Per Square Foot:	\$197
Per Unit Cost:	\$269,126
True Cash Per Unit Cost*:	\$220,561

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank: Tax-Exempt	\$18,494,731	CalHFA	\$7,863,952
Citibank: Taxable	\$3,328,677	CalHFA: MIP	\$3,931,976
Seller Carryback	\$5,462,921	SRHA ¹ : PLHA ²	\$2,000,000
Deferred Costs	\$7,114,886	SRHA ¹ : Improvements	\$1,200,000
Tax Credit Equity	\$4,352,977	Seller Carryback	\$5,462,921
		Deferred Costs	\$1,530,460
		Tax Credit Equity	\$16,764,883
		TOTAL	\$38,754,192

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

¹Stanislaus Regional Housing Authority

²Permanent Local Housing Allocation

Determination of Credit Amount(s)

Requested Eligible Basis:	\$19,190,605
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$15,092,535
Applicable Fraction:	100.00%
Qualified Basis:	\$19,190,605
Qualified Basis (Acquisition):	\$15,092,535
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$767,624
Maximum Annual Federal Credit, Acquisition:	\$603,701
Total Maximum Annual Federal Credit:	\$1,371,325
Total State Credit:	\$5,757,182
Approved Developer Fee in Project Cost:	\$4,471,714
Approved Developer Fee in Eligible Basis:	\$4,471,714
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.86991
State Tax Credit Factor:	\$0.83992

Except as allowed for projects basing cost on assumed third party debt, the "as if vacant" land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).